# Public Notice

penticton.ca

August 22, 2019

**Zoning Amendment Bylaw 2019-24 (Cash In Lieu)**

City Council has directed staff to review the parking reduction provisions currently included in the City's zoning bylaw (Council resolution 695/2017).

Staff have conducted a review and are proposing the following changes:

- Increase the cash-in-lieu fee from $6,000 per space to $20,000 per space
- Include the RM2 and RM3 zones in the cash-in-lieu program, subject to having at least one parking space per dwelling unit
- Re-direct where the cash-in-lieu funds go, from: the Alternative Transportation Infrastructure Reserve to: a blend between the Alternative Transportation Infrastructure Reserve (25%) and the Off-street Parking Reserve (75%)
- Remove the co-operative vehicle parking reduction provision, until such time as there is a car share organization operating in Penticton

**Information:**

The staff report to Council and Zoning Amendment Bylaw 2019-24 will be available for public inspection from **Friday, August 23, 2019 to Tuesday, September 3, 2019** at the following locations during hours of operation:

- Penticton City Hall, 171 Main Street
- Penticton Library, 785 Main Street
- Penticton Community Centre, 325 Power Street

You can also find this information on the City's website at www.penticton.ca/publicnotice.

Please contact the Planning Department at (250) 490-2501 with any questions.

**Council Consideration:**

A Public Hearing has been scheduled for **6:00 pm, Tuesday, September 3, 2019** in Council Chambers at Penticton City Hall, 171 Main Street.

**Public Comments:**

You may appear in person, or by agent, the evening of the Council meeting, or submit a petition or written comments by mail or email no later than **9:30 am, Tuesday, September 3, 2019** to:

Attention: Corporate Officer, City of Penticton
171 Main Street, Penticton, B.C. V2A 5A9
Email: publichearings@penticton.ca.

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No letter, report or representation from the public will be received by Council after the conclusion of the September 3, 2019 Public Hearing.

**Please note** that all correspondence submitted to the City of Penticton in response to this Notice must include your name and address and will form part of the public record and will be published in a meeting agenda when this matter is before the Council or a Committee of Council. The City considers the author's name and address relevant to Council's consideration of this matter and will disclose this personal information. The author's phone number and email address is not relevant and should not be included in the correspondence if the author does not wish this personal information disclosed.

Blake Laven, RPP, MCIP
Manager of Planning

# Council Report

penticton.ca

**Date:** June 18, 2019 File No: RMS 3360-02 (2019 Reviews)
**To:** Donny van Dyk, Chief Administrative Officer
**From:** Blake Laven, Planning Manager

**Subject:** **Zoning Amendment Bylaw No. 2019-24 (cash in lieu)**

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## Staff Recommendation

THAT "Zoning Amendment Bylaw No. 2019-24", a bylaw that amends the 'cash-in-lieu of parking' and 'parking reductions for providing co-operative cars' provisions of the zoning bylaw, be given first reading;

AND THAT Council refer "Zoning Amendment Bylaw No. 2019-24" to the "Economic Prosperity and Development Services Advisory Committee" for comment prior to second reading.

## Executive Summary

City Council has directed staff to review the parking reduction provisions currently included in the City's zoning bylaw (Council resolution 695/2017). Staff have conducted a review and are proposing the following changes:

- Increase the cash-in-lieu fee from $6,000 per space to $20,000 per space
- Include the RM2 and RM3 zones in the cash-in-lieu program, subject to having at least one parking space per dwelling unit
- Re-direct where the cash-in-lieu funds go, from: the Alternative Transportation Infrastructure Reserve to: a blend between the Alternative Transportation Infrastructure Reserve (25%) and the Off-street Parking Reserve (75%)
- Remove the co-operative vehicle parking reduction provision, until such time as there is a car share organization operating in Penticton

## Strategic priority objective

Staff recommendations meet the Council Priorities of 'good governance' and 'community building', by establishing an equitable way to reduce parking obligations while providing community benefit.

## Background

The City's Zoning Bylaw, since 1993, has included a provision whereby developers in select zones in the City, predominately in the downtown, could reduce the parking requirements for their developments through the payment of funds 'in-lieu' of parking. Funds collected are saved in a reserve accounts to go towards public off-street parking infrastructure and / or alternative transportation infrastructure.

Since implementation of the program in 1993 until 2011, all funds collected were directed to the 'off-street parking reserve'. This fund was established for the provision of off street parking spaces – municipal parking lots. With the adoption of the 2011 zoning bylaw this was changed to direct funds to the 'alternative transportation infrastructure reserve fund'. These funds go towards infrastructure projects that support walking, biking, public transit and other forms of alternative transportation.

Under the current zoning bylaw (Zoning Bylaw 2017-08) a developer in any commercial zone or the RM4 multi-family zone can *buy out* required parking at the rate of $6,000 per space. There is no limit to the amount of spaces that may be reduced. Staff and Council do receive many requests for reductions in parking in other multi-family zones. In those cases, Council are usually being asked to issue development variance permits (variances) to reduce the parking. In those cases, the City receives no money towards the reserve accounts.

The $6,000 figure, is not necessarily a true reflection of the current costs of providing parking in Penticton. Estimates put the cost of developing surface parking at between $7,000 and $10,000 per stall and for structured parking at approximately $35,000 per stall (this number is based on a recently completed parkade in downtown Kelowna). Likely the number was set at $6,000 because that was the estimated cost of providing a surface space when the fee was established. Also, the $6,000 was likely reflective of what other municipalities charged at the time.

Another important parking provision was included in the 2011 zoning bylaw amendments: all parking for commercial uses in the C5 (City Centre Commercial) zone was removed. In the interest of encouraging downtown investment and in recognition of the large amount of public parking in the downtown, the requirement to provide on-site-parking was removed. Hence no cash-in-lieu provision exists in the downtown for commercial uses. Developers though can still buy out any required residential parking in the C5 zone.

*Co-operative car share program parking reductions*

The zoning bylaw has another parking reduction provision aside from the cash-in-lieu option. The bylaw allows the total number of parking spaces for a residential building to be reduced by up to six (6) spaces in the case where a co-operative vehicle or car share vehicle and parking space is provided. While this program has seen success in other communities, there are currently no car share companies operating in Penticton, making administration of a car share vehicle program difficult.

*Why allow for reductions in parking at all?*

Council may ask why these provisions exist in the zoning bylaw at all. It seems that at every public hearing and development open house, comments from the public demand more parking not less. So why then would we include these provisions in the zoning bylaw?

Firstly, having options for housing without parking, reduces the overall costs of housing – which is a public good. There are also many instances where people choose to not own or are unable to own a vehicle. Making those people pay for a parking spot is not fair to them. Furthermore, a lot of housing in Penticton is located in areas where not having a car is achievable – such as in the downtown and other high amenity areas. The parking reduction provisions are there to provide choice.

Another reason for specified reductions in parking standards, is to support urban design and land use objectives. Parking takes up a lot of space. Removing parking requirements allows for valuable land to be used for higher value purposes – parks, open space, housing, business etc. Removing parking, especially surface parking, allows for tighter urban development which promotes a more walkable built form leading to healthier communities.

Parking comes with a considerable cost associated with it, so when a developer is balancing the creation of more affordable housing, parking is often reduced, to bring down overall construction costs. The impact on the surrounding neighbourhood by not having that parking, is a consideration through the development approval process and is only supported where it has a strong chance of sucess.

Developing in the downtown also comes with its challenges. Underground parking is expensive and in some cases not financially viable given the high water table and construction costs that would be required to mitigate the geotechnical conditions. It is rare to find any underground parking downtown, and although examples do exist, they are on a smaller scale. Larger, higher density forms of development have chosen to construct parking above grade, to eliminate the need for underground parking.

Furthermore, the land parcel configuration in and around the downtown presents a number of challenges to the development of larger, more comprehensive projects. In an effort to try and achieve the densities desired in and around the downtown, smaller parcels of land are often proposed with 1-2 units more than what may be appropriate for the existing parcel of land. Land consolidation is often used to allow for larger developments however with the historical land ownership and multiple amount of smaller parcels downtown, balancing approvals for the density environed with the parking requirements has been difficult in some instances.

Staff are not arguing for complete removal of parking requirements, but are highlighting instances and benefits to selective reductions in parking, and some of the challenges when providing parking in a compact downtown environment. Often the market itself will dictate parking needs. For example, a developer will want to ensure that they are providing enough parking for the ultimate end purchaser or leaser of the finished project of whatever they are building. Sometimes this parking will be in the public realm but often there is demand for the parking on site. It is in the interest of the developer to provide this parking and in cases where the parking is in the public realm, it is important that the developer is paying their fair share of that parking – hence the 'cash-in-lieu program.

*Council direction and proposed changes*

Council has provided direction to review these parking reductions and provide recommend changes. Staff have conducted a review and are making several recommendations. The first change involves increasing the cash-in-lieu charge from $6,000 to $20,000 to better reflect a closer assessment of the true cost of developing parking spaces. The second change is an expansion to the number of zones that the cash in lieu provision apply to include the RM2 and RM3 zone. Thirdly, a change to where the funds go is being proposed, with 25% going to the Alternative Transportation Infrastructure Fund and the remaining 75% going towards the Off-street Parking Reserve. Finally staff are proposing to remove the section of the zoning bylaw providing a reduction in parking where providing a car share vehicle is included, until such time as there is a car share company operating in Penticton.

## Proposal

Zoning Amendment Bylaw 2019-24 amends Zoning Bylaw 2017-08 as follows:

- Removes Section 6.1.2.2 Cooperative Vehicle Parking Spaces
- Amends Section 6.1.2.3 Cash-in-Lieu as follows:

In lieu of providing the required number of off-street vehicular parking spaces in the following zones RM2, RM3, RM4, RM5, C1 – C9 and M1-3 or bicycle parking in any zone, a property owner may provide the City a sum of money equal to the number of parking spaces not provided multiplied by the applicable cash in lieu amount as identified in Table 6.1. ~~The sum of money will be deposited in the Alternative Transportation Infrastructure Fund.~~ The sum of money will be deposited in the Off-street Parking Reserve and Alternative Transportation Infrastructure Reserve at the rate of 75% to the Off Street Parking Reserve and 25% to the Alternative Transportation Infrastructure Reserve.

Add Section 6.1.2.4

In the case of the RM2 and RM3 zones, the cash in lieu provision shall not lower the total number of parking spaces to below one space per dwelling unit.

Table 6.1 Cash in Lieu

| Existing floor area converted to residential dwelling unit | New commercial, industrial and/or high density residential floor area | Class 1 bike parking space for new commercial and/or residential floor area |
|---|---|---|
| ~~$6,000~~ $20,000 | ~~$6,000~~ $20,000 | $500 |

Remove Section 14.5.4.1.ii

## Financial implication

The proposed changes will provide additional funds to the City's Off-site Parking Reserve. The Off-street Parking Reserve currently has a balance of  $124,577 at December 31, 2018. Funds held in that reserve are required to be used for the provision of new and existing off street parking spaces. The City's Alternative Transportation Infrastructure Fund currently has a balance of $53,666 at December 31 2018 and is required to be used for infrastructure that supports walking, biking, public transit or other forms of alternative transportation. In this case, alternative means alternatives to personal vehicles.

## Consultation

Staff are recommending that if Council is satisfied with the direction of these changes that the bylaw be considered by the *Economic Prosperity and Development Services Advisory Committee* prior to being given second reading and being scheduled for a Public Hearing.

While no direct public consultation on these changes has been done, many of the concepts captured herein have come about based on the work done on the parking strategy (2017), which involved extensive consultation with the public and business community, as well as from comments from the public at open houses and public hearings when parking reductions are being proposed.

Staff are not recommending any further consultation prior to the Public Hearing on this bylaw, which will be scheduled after comment from the Economic Development and Development Services Advisory Committee is received.

*Comparisons from other communities*

The following table shows a comparison of approaches from other communities with regard to cash-in-lieu of parking:

| Community | Cost per parking space | Comments |
|---|---|---|
| Kelowna | $22,500 in the downtown and $7,500 elsewhere | Goal to establish a cost of 75% of the cost of installing a spot, hence the higher cost in the downtown where parking is structured as opposed to surface. |
| Kamloops | $6,000 | Directed to transit, cycle and walking facilities |
| Nanaimo | $3,000 | Require to be within 600m from a parking facility |
| Langford | $11,000 | Total overall parking may be reduced by 10% |
| Vernon | $10,000 | Maximum of 50% of required spaces are permitted to be reduced and only for commercial uses |
| Vancouver | $20,200 | Council support is required to accept the funds / approve the parking reduction |

## Analysis

The proposed changes reflected in the bylaw are based on the desire to create a more equitable system for reducing parking for new developments. The increase in the fee from $6,000 to $20,000 is a better reflection of the true costs to developers in providing parking and no longer financially incentivizes developers to provide less parking. The cash-in-lieu provision is there in those cases where there is legitimate need to reduce parking, for social and or urban design reasons – not necessarily for the developer to just save money. The increased amount allows for funds to flow towards increasing and improving off-street public parking as well as to support alternative transportation.

Adding the RM2 and RM3 zones into the program will reduce the amount of variance permit requests for parking and allow the City to receive funds for reductions in those zones as well. In those zones however, each residential unit will be required to have at least one parking space. The reduction is mainly for visitor parking.

With regard to the changes to the co-operative vehicle (car-share) program, the amendment reflects the fact that there are currently no car share companies operating in Penticton. As staff have investigated and researched the various car share models from other communities, it is becoming evident that until a co-op company offering shared vehicles begins operating in Penticton (or is started by the City itself), offering the incentive only creates confusion amongst the development community.

Council should be aware that these changes may have some unintended impacts. Increasing the fee for cash-in-lieu of parking may disincentive people from developing, or developing at a lower density than if the cash-in-lieu fee is not increased. The parking changes were originally made in 2011 to promote growth and development downtown and as part of a larger effort to eliminate barriers to develop downtown. Since that time, there has been significant activity downtown, the reduction in the commercial parking requirements allowing for new commercial developments to take place on land that could not have accommodated anywhere near the required parking under the previous bylaws – the new breweries and cinema for example.

Also, with the change from funds going to the alternative transportation fund to a split between the alternative transportation and off-street parking reserve, Council may receive some criticism in reducing the amount going to alternative transportation infrastructure. It is with these questions in mind that staff are recommending referral to the Economic Development and Development Services Advisory Committee prior to second reading of the bylaw.

For the reasons listed above, staff are recommending first reading of the zoning amendment bylaw and referral of the bylaw to the Committee.

### Alternate recommendations

Council has several options with regard to this matter and staff have provided some alternatives to consider rather than proceeding with the staff recommendation.

*Alternative 1: THAT Council support the changes and send the bylaw to the July 16, 2019 Public Hearing, without referral to the Economic Prosperity and Development Services Advisory Committee.*

Staff's recommendation is to have the applicable Advisory Committee provide comment on the proposed changes prior to the public hearing to ensure that the community most affected by the amendments has the opportunity to provide comment and advice to Council. Council however, may feel that it is not necessary for this. If that is the case, Council could refer this item directly to the public hearing. Staff are not recommending this alternative as the Committee's perspective is important to ensure no unintended consequences come out of the bylaw amendment.

*Alternative 2: THAT Council support the increase to the cash-in-lieu provision but don't support the change to the co-operative car reductions*

Under this scenario, Council could give directon to support the portion of the amendment bylaw that deals with the cash-in-lieu section but leave the incentive in for the co-operate car share. While it is important to incentivize co-operative car share initiatives, staff do not support leaving the parking reduction in place at this time. As stated above, there are no co-operate car share companies operating in Penticton and until such time as there are, having this section in the bylaw causes confusion for the development community.

*THAT Council support the increase in fees and removal of the co-operative vehicle parking space reductions, but not support the inclusion of the RM2 and RM3 zones into the cash-in-lieu program.*

Council may feel that expansion of the parking reduction incentives to the RM2 and RM3 zones is not warranted. If that is the case, Council could support all other aspects of the bylaw, but direct staff to amend the bylaw to remove those sections expanding the progam to the RM2 and RM3 zones. Staff do not support this as there have been several variances granted for parking redcutions in the RM2 and RM3 zones, where the City did not receive any funds in compensation. The way the bylaw is currently drafted, it is only the visitor parking that could be waived. Anytime parking is proposed to be less than one space per unit, Council approval is still required.

## Attachments

Attachment A – Zoning Amendment Bylaw No. 2019-24

Respectfully submitted,

Blake Laven, MCIP, RPP
Planning Manager

Concurrence:

| Director | CFO | Chief Administrative Officer |
|---|---|---|
| AH | JWB | DvD |

**The Corporation of the City of Penticton**

**Bylaw No. 2019-24**

*A Bylaw to Amend Zoning Bylaw 2017-08*

WHEREAS the Council of the City of Penticton has adopted a Zoning Bylaw pursuant the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend Zoning Bylaw 2017-08;

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This bylaw may be cited for all purposes as "Zoning Amendment Bylaw No. 2019-24".

2. **Amendment:**

Zoning Bylaw 2017-08 is hereby amended as follows:

2.1 Remove Section 6.1.2.2 Cooperative Vehicle Parking Spaces in its entirety.

2.2 Delete and replace Section 6.1.2.3 Cash-in-Lieu with the following:

In lieu of providing the required number of off street vehicular parking spaces in the following zones RM2, RM3, RM4, RM5, C1 – C9 and M1 - M3 or bicycle parking in any zone, a property owner may provide the City a sum of money equal to the number of parking spaces not provided multiplied by the applicable cash in lieu amount as identified in Table 6.1. The sum of money will be deposited in the Off-Street Parking Reserve and Alternative Transportation Infrastructure Reserve at the rate of 75% to the Off Street Parking Reserve and 25% to the Alternative Transportation Infrastructure Reserve.

2.3 Add Section 6.1.2.4:

In the case of the RM2 and RM3 zones, the cash in lieu provision shall not lower the total number of parking spaces to below one space per dwelling unit.

2.4 Delete and replace Table 6.1 Cash in Lieu with the following:

| Existing floor area converted to residential dwelling unit | New commercial, industrial and/or high density residential floor area | Class 1 bike parking space for new commercial and/or residential floor area |
|---|---|---|
| $20,000 | $20,000 | $500 |

2.5 Delete Section 14.5.4.1.ii in its entirety.

| | | | |
|---|---|---|---|
| READ A FIRST time this | 18 | day of | June, 2019 |
| A PUBLIC HEARING was held this | | day of | , 2019 |
| READ A SECOND time this | | day of | , 2019 |
| READ A THIRD time this | | day of | , 2019 |
| RECEIVED the approval of the Ministry of Transportation on the | | day of | , 2019 |
| ADOPTED this | | day of | , 2019 |

Notice of intention to proceed with this bylaw was published on the __ day of ____, 2019 and the __ day of ____, 2019 in the Penticton Western newspaper, pursuant to Section 94 of the *Community Charter*.

Approved pursuant to section 52(3)(a) of the *Transportation Act*
this _______ day of ____________________, 2019

_________________________________
for Minister of Transportation & Infrastructure

_________________________________
John Vassilaki, Mayor

_________________________________
Angie Collison, Corporate Officer